VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF MAY 9, 2023
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday May 9, 2023, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Mr. Jeff Morgan, Councilmember via Zoom Platform
Ms. Jane Hogeman, Councilmember
Ms. Lydia Boesch, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 14 attendees, including 6 staff and 1 press

1. **Call to Order.**
   Mayor Strickland called the Village Council meeting to order.

2. **Reports:**

   Village Manager

   - Mr. Jeff Sanborn, Village Manager, reported the glass recycling yard is now operational and will start collecting next Monday. He reported staff met with the USGA team and discussed plans for the 2024 U.S. Open. He noted the plan is to sell fewer tickets to promote a better guest experience from overcrowding. He stated the volunteer application process is underway.

   Village Council

   - Mayor Strickland reported he met with the newly forming Metropolitan Planning Organization on May 1st to discuss formation and infrastructure. He reported the Heritage Foundation met to discuss upcoming plans around the Arboretum. He stated he met with Sandhills Community College and the Boys and Girls Club to discuss job training, which the college will provide for high school students to help with skill sets needed in our area. He attended the Moore County Economic Partners meeting where it was announced they received a $1.7 million grant, with 1.2 million which will be used to develop job leads. He noted medium and small business opportunities will be the focus.
   - Mayor Pro Tem Pizzella reported Sandhills Community College announced a local Moore County resident as their new president. He stated he attended the VOP Beautification committee meeting with Councilmember Hogeman. He announced he was also a new volunteer at Pinehurst elementary school, which he stated is a beautiful facility and an asset in our community.

- Councilmember Boesch attended the CVB Board of Directors meeting where it was announced the grant application process starts Monday. She noted their recent pinecone pathways project has been successful and so they have ordered another 100 to place on the trails. She further noted they have had folks from Indiana and Ohio come to visit in search of these special glass pinecones. She reported she went to the Sandhills Women's Exchange meeting this past week as well as attended a shareholder zoom meeting for the Parks & Recs Master Plan discussion with the consultants, whom she stated are doing a great job.
- Councilmember Hogeman reported she attended the Beautification committee where they are participating and planning a lot of downtown projects. She noted their new Manning Award is open and applications are due June 10th, with judging in the middle of June. She stated they are looking for properties that show the use of native plants, birds, butterflies, wildlife sanctuaries & other related landscaping. She stated the new Planters Guide is coming out soon and the Committee will be sponsoring some workshops in the coming months for residents.
- Councilmember Morgan reported JCOG has moved into a new facility and changing their name, which he noted needs supported by 2/3rd of local governments. He stated this past week he saw 9-year-olds playing on the new turf on Cannon and it was great to see.

3. **Motion to Approve Consent Agenda.**

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

A. Approval of Village Council Meeting Minutes
   - April 25, 2023, Council Regular Meeting
   - April 25, 2023, Council Work Session

End of Consent Agenda.
Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved the Consent agenda by a vote of 5-0.

4. **Motion to Recess the Regular Meeting and enter into Public Hearing #1.**
Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved to recess the regular meeting and enter Public Hearing #1, by a vote of 5-0.

5. **Public Hearing No. 1 – Consider Adoption of the Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans.**
Alex Cameron, Planning & Inspections Director, stated the purpose of this public hearing is to consider formal adoption of the Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans. He stated pursuant to NCGS 160D-501, local governments may prepare and adopt plans other than Comprehensive Plans as deemed appropriate. He noted such plans specifically include but is not limited to small area plans. He stated local governments must have a Comprehensive Plan to adopt and apply zoning regulations. These plans, including small area plans and other plans adopted by the local government, may address the pattern and desired growth of development including location, characteristics, and future land uses. He noted the plans shall also be considered by the local government's planning board and governing board when considering amendments to the zoning regulations as required by NCGS 16-D-604 and 160D-605. He further noted such plans are advisory in nature and have no regulatory effect.

Mr. Cameron stated the adoption of these plans will aid and guide future development within the proposed boundaries of the area and in addition, when reviewing proposed zoning amendments, the Planning and

Zoning Board and Village Council will consider consistency with the adopted 2019 Comprehensive Plan, the Small Area Plans, and the Form Based Guidance Plans. He stated a statement describing consistency with these plans as a requirement when considering such amendments.

Mr. Cameron stated the 2019 Comprehensive Plan indicated five areas (Focus Areas) which represent the most important areas to influence development and could have the most significant impact on shaping the Pinehurst of the future. He stated the adoption of these plans would be consistent with the goals and several Implementation Strategies within the 2019 Comprehensive Plan, notably as seen on pages 63-66, 77-82, and 91-100.

Mr. Cameron stated this is particularly important as the approach to implementing the Small Area Plans and Form Based Guidance Plans will require amendments to the Pinehurst Development Ordinance (PDO) and Official Zoning Map. She noted these amendments, as currently drafted, would require a conditional zoning approval for new development and redevelopment within the defined boundaries of Village Place and Pinehurst South.

Mr. Cameron stated Village Council previously approved both Small Area Plans by motion (Village Place on 6/14/2022 and Pinehurst South on 9/27/22). To comply with NCGS, adoption of such plans shall follow the same process as mandated for zoning text amendments. This requires a public hearing and recommendation by the Planning and Zoning Board and a public hearing and adoption by ordinance of Village Council. He stated the Planning and Zoning Board held a public hearing and unanimously recommended approval of both Small Area Plans and Form Based Guidance Plans on March 30, 2023.

Mr. Cameron reported that only some minimal allowances for flat roofs and the name of the Form Based Code to Form Based Guidance Plans has changed since the Council last reviewed the plan. He noted the discussion with Councilmembers on the density will be entered into the PDO and is not included in this Plan. He stated we cannot adopt a zoning regulation that dictates design elements for one or two residential dwelling units. He noted that in terms of the name change, the process over the last three years has dictated a need to change to fit what is authorized by General Statute.

During the Public Speaking portion of the Hearing, Lynn Goldhammer expressed concerns over the excess building in this area and the loss of our character by creating more development.

K. Squires, Dornoch Lane, addressed Council about his disappointment that Council is now reverting from the prior intent to produce codes versus guidelines for the small area plans. He stated he has attended meetings over the last several years and watched the progress with the understanding that this was going to be a code; now he understands this is going to be a change from that. He noted what has been presented in the past was the objective to acknowledge and reflect the way the Village Center looks – this has not been shown. He understands that while the council can put forth no real guidelines, he would like to see something more the Council can do.

Councilmember Morgan asked Mr. Cameron to answer Mr. Campbells question about things Council will be able to do. Mr. Cameron stated that very robust architectural design standards will be in the PDO that can be strictly enforced.

6. **Motion to Adjourn Public Hearing #1 and Re-enter the Regular Meeting.**
Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved to adjourn Public Hearing #1 and re-enter the Regular Meeting, by a vote of 5-0.

7. **Discuss and Consider Resolution 23-16, Adoption of the Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans.**
Mr. Cameron presented Resolution #23-16 to formally adopt the Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans.

Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution #23-16, Adoption of the Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans, by a vote of 5-0.

8. **Discuss and Consider Ordinance 23-11, Amending the FY2023 Budget for Library and Archives Building Capital Improvements.**
Dana Van Nostrand, Finance Director, presented Ordinance #23-11, amending the FY2023 Budget for Library and Archives Building Capital Improvements. She reported the FY 2023 budget included an appropriation of $1,000,000 for unspecified initial building improvements to the Given Memorial Library and Tufts Archives. She stated these initial improvements were on hold until the needs assessment was completed. She noted based on the needs assessment, Council decided it is most beneficial to the Village and its residents to construct a new building for the Given Memorial Library and renovate the existing building to expand the Tufts Archives.

Ms. Van Nostrand reported the costs for the new building and the renovation will be accounted for in the Library Expansion Capital Project Fund. She stated Management recommends utilizing the $1,000,000 appropriated for building improvements in FY 2023 as a transfer from the General Fund to the Library Expansion Capital Project Fund to fund the future costs of the project.

Ms. Van Nostrand reported the $1,000,000 appropriation in FY 2023 has been estimated as being "spent" in FY 2023 for the purposes of projecting the FY 2023 ending fund balance so this amendment to transfer the $1,000,000 to the capital project fund will not change the estimated ending fund balance previously reported to Council or that is reported in the Recommended FY 2024 Strategic Operating Plan. She noted further, the Recommended FY 2024 Strategic Operating Plan and Five-Year Forecast assume this transfer has been made in FY 2023 when estimating the transfer from the General Fund to the capital project fund in FY 2025 to fund the construction.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved Ordinance #23-11, Amending the FY2023 Budget for Library and Archives Building Capital Improvements, by a vote of 5-0.

9. **Discuss and Consider Ordinance 23-12, Amending the Library Expansion Capital Project Fund Budget.**
Dana Van Nostrand, Finance Director, reported Ordinance #23-11 authorized the transfer of $1,000,000 from the General Fund to the Library Expansion Capital Project Fund. She presented Ordinance #23-12 to amend the Library Expansion Capital Project Fund to:
   - Appropriate the additional funding for construction;
   - Record the revenue source of $1,000,000 from the General Fund; and
   - Increase the estimated investment income by $19,500, bringing the budgeted total to $20,000. Actual investment income as of March 31, 2023, was approximately $10,000, earned on the FY 2022 cash transfer from the General Fund of $400,000.

Ms. Van Nostrand stated the recommended FY 2024 Strategic Operating Plan includes this proposed amendment to the Library Expansion Capital Project Fund.

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Ordinance #23-12, Amending the Library Expansion Capital Project Fund Budget, by a vote of 5-0.

10. **Financial Statements for the Quarter Ended March 31, 2023.**
Dana Van Nostrand, Finance Director, presented the financial statements for the nine months ended March 31, 2023. She reported the Village remains in a very good financial position through this point in the fiscal year. She stated Revenues are on track to meet the forecast and operating expenditures are below budget pace for nine months. She noted these results should position us well to carry out the objectives outlined in the FY 2023 Strategic Operating Plan.

Ms. Van Nostrand reported the Village's General Fund shows $9.4 million in net income for the first nine months of the year compared to $5.2 million the prior year. She stated the net income is significantly higher than prior year due to the $5.4 million transfer from the ARPA special revenue fund into the General Fund recorded this quarter. She noted the Village's General Fund fund balance is currently 84% of budgeted expenditures, compared to 75% the previous year through March 31.

Ms. Van Nostrand reported the Village's total cash and investment balances increased by $3.6 million, or 18%, compared with the previous year, primarily due to the receipt of the second ARPA payment of $2.6 million in FY2023. She stated of the $23.8 million in cash and investments on March 31, 2023, nearly $23.5 million, or 99%, was held in the North Carolina Capital Management Trust Government Portfolio. She stated the cash and investments have yielded 3.28% in fiscal year 2023 through March 31, 2023, which is a significant improvement compared to the fiscal year 2022 yield through the same period of 0.16% as interest rates have risen. She noted the Village does not have any installment financing debt obligations as of March 31, 2023.

Ms. Van Nostrand reported General fund revenues were $93 thousand above the quarterly budget projections including the mid-year amendments. Property tax revenues were $169 thousand above the quarterly revenue estimate. She stated Local option sales taxes were $158 thousand below the quarterly budget, however, these revenues are received on a lag and the quarterly budget amount includes the mid-year budget amendment to increase the sales tax budget by $531 thousand for the full fiscal year. She stated the March 31 financial statements include local option sales tax receipts through January 2023. She reported Local option sales taxes actual collections for the first seven months of the year were $375 thousand above budget of $3.7 million and running $452 thousand over the previous year, or 12% ahead of the previous year's collections. She noted most of this was due to inflation-based prices on consumer goods.

Ms. Van Nostrand reported Investment income was $64 thousand above the budgeted $404 thousand for three quarters of the fiscal year. We expect to continue to see significant investment income over the rest of the fiscal year as the FOMC continues to increase interest rates. She stated General fund operating expenditures were $2.4 million, or 14%, below the quarterly budget overall, which is comparable to previous year amounts at this point in the fiscal year.

Ms. Van Nostrand reported for capital outlay, only $2.0 million of the $5.4 million budgeted through March 31 was expended. She stated this equates to 37% of the budgeted expenditure. She noted an additional $2.2 million of capital was encumbered as of March 31. She reported several projects planned have not been completed but are still expected to be performed during the fiscal year, most significantly the synthetic turf on the athletic fields of $1.5 million which is nearly completed and included in the encumbrances total. She stated other items are ordered but are not expected to be received until June, such as a garbage truck and several police vehicles. She reported appropriations for pedestrian facilities, streetscape improvements, and stormwater projects also will not likely be full expended by the end of the year. She stated variances of this kind are common for capital. She stated supply chain delays have also caused the lag in expenditure for capital items and unexpended capital appropriations will be reviewed at year end for carryforward into fiscal year 2024.

Ms. Van Nostrand reported growth in the Village's property tax base has slowed significantly as fewer homes and commercial buildings are being constructed due to the increase in interest rates. She stated so far this year, the Village has issued 23 new residential building permits valued at $10.7 million, compared to 75 new permits issued at the same time last year (FY22) and 106 the year before that (FY21).

Ms. Van Nostrand reported the mid-year estimate anticipated the Village's fund balance would increase by $1.5 million. She stated the actual increase in fund balance at the end of the fiscal year will be higher due to capital appropriations that will not be fully expended by the end of the year as discussed above. She noted these amounts will be incorporated into the reappropriation budget amendment presented to Council in August so the projects can be completed in fiscal year 2024.

Ms. Van Nostrand reported Moore County released its property revaluation effective January 1, 2023, in March 2023. She stated on average, Pinehurst real property values increased 49.5%, with the Village's total valuation increasing from nearly $4.0 billion to $5.9 billion. She noted this significant increase in the valuation will cause the Village to decrease its tax rate for FY 2024 as discussed in the recommended FY 2024 Strategic Operating Plan.

Ms. Van Nostrand reported through March 31, 2023, the Fair Barn covered 84% of operating expenditures with operating revenues after discounts. She stated this is a decrease over the same quarter last year, in which the Fair Barn covered 90% of operating expenditures with operating revenues. She noted an additional $71 thousand of revenue is expected through the end of the fiscal year based on current event bookings. She stated this year's results are expected to be in line with our balanced scorecard target of 95% coverage of operating expenses with revenues by the end of the fiscal year.

Ms. Van Nostrand reported the Harness Track covered 43% of its operating expenditure this quarter compared to 51% the previous year. She stated this is currently below our balanced scorecard target of 47% coverage of operating expenses with revenues. She noted this is caused by operating expenditures being $86 thousand higher through March 31, 2023, than prior year, primarily due to buildings and grounds repairs and maintenance expenditures that are ahead of fiscal year 2022 pace. She stated Revenues were nearly $6 thousand higher than fiscal year 2022 to date.

Ms. Van Nostrand reported that at this point in the fiscal year, the Village is well positioned compared to our forecast and targets. She stated staff will continue to closely monitor all revenues and expenditures to ensure we are on track for the upcoming adoption of our five-year Strategic Operating Plan

11. Presentation of the Fiscal Year 2024 Budget and Strategic Operating Plan.

Jeff Sanborn, Village Manager, presented an overview of the Recommended FY 2024 Budget and Strategic Operating Plan. He noted the Budget in Brief, provided to the Council, provides an overview of what is included in the Recommended FY 2024 Budget.

Mr. Sanborn reported the Village Council identified three areas of focus in January 2023 that are addressed in the FY 2024 Strategic Operating Plan: Develop Codes and Ordinances to protect the character of Village neighborhoods, Support the Business community, and provide a safe and effective Multi-Modal Transportation system.

Mr. Sanborn reported the FY 2024 General Fund Budget overview proposes a $26.9 million budget, 8% less than the FY 2023 amended General Fund budget as of December 31, 2022. He stated the Property tax rate is set at $0.23, a reduction of 8 cents from FY 2023 tax rate of $0.31. He stated the average increase in property values from the 2023 County revaluation equaled 49.5%. He noted the proposed $0.23 is 1.8 cents higher than revenue neutral rate of $0.212 and 0.5 cents less than inflation-adjusted revenue neutral rate of $0.235. Mr. Sanborn reported staff expects an ending fund balance of 68.4% of expenditures.

Mr. Sanborn stated the plan includes five (5) Initiative Action Plans (IAPs) at a cost of $167,300. He reported staff estimates a $1,377,000 increase (11.2%) in property tax revenue because of the County revaluation and tax rate adjustment for inflationary impact of COLA, merit, and pension increases on salaries and benefits of $1.1 million. He states this assumes a 0.71% growth in the real property tax base based on prior year construction levels and 100 new homes. He noted this all assumes 6.5% increase in sales tax receipts over FY 2023 original budget and includes $350,000 for U.S. Open Licensing Fee from USGA.

Mr. Sanborn stated a cost-of-living adjustment (COLA) increase of 8% plus average merit increase of 2% (1.0 million salary + benefits) is proposed. He reported staff has included 4.3 new full-time equivalents at a $272,000 salary + benefits cost. He noted these positions will be a Full-time assistant fire marshal, firefighter, and athletics coordinator position, as well as a part-time police apprentice and recreation assistant positions. He stated the Village pays 100% of employee health/dental insurance + retirement contributions of 17.89% (19.04% for law enforcement).

Mr. Sanborn reported the allocation of tax dollars by function is generally the same as FY 2023 except for a $0.06 reduction in Cultural & Recreation. He noted this is due to significant capital appropriation in FY 2023 of $1.2 million for the Cannon Park turf field and $1.0 million for library building improvements.

Mr. Sanborn presented the proposed significant capital items as:

- Pedestrian facilities - $460,000
- Stormwater drainage projects - $430,000
- Garbage truck - $245,000
- Four (4) police vehicles - $244,000
- Streetscape improvements - $200,000
- Police dispatch radios - $160,000
- Village-wide imaging system - $110,000

Mr. Sanborn reported the Five-Year Financial Forecast is developed to meet key financial ratios: Fund balance as a % of expenditures (>30%), Operating margins (89% - 91%), and Debt service ratios (<10%). He stated this incorporates a Five-Year Staffing forecast of an addition of 8.8 FTEs, Three Capital Project Funds totaling $7,080,000 general fund investment, and the Five- Year Capital Improvement Plan (CIP). He stated it also includes Key Financial assumptions including: 1.0% annual growth in real & personal tax base, average annual increase in salaries & benefits, and inflation rate in operating costs. Mr. Sanborn reported salary and benefit increase are proposed at 5.2% in FY 2025, 4.2% in FY 2026, and 3.3% in FY 2027-2028. He noted inflation rate in operating costs is proposed as 4.0% in FY 2025, 3.0% in FY 2026, and 2.0% in FY 2027-2028.

Mr. Sanborn reported key highlights of the proposed five-year forecast are:

- FY 2024 Tax Rate of $0.23 is $0.005 less than the inflation-adjusted revenue-neutral tax rate of $0.235 based on the County's property revaluation.
- Same tax rate increases as the adopted FY 2023 Strategic Operating Plan

- FY 2025 – 2028 Projected Tax Rates
    - FY 2025: No change
    - FY 2026: Increase $0.01 due to added staff and operating costs for the expanded library/archives.
    - FY 2027: No change
    - FY 2028: No change

Mr. Sanborn reported the proposed capital projects and funding sources included in the Five-Year plan are:

- Library expansion - $5.0M project
- Public Services Relocation - $6.5M project
- Fire Station 93 - $400,000 project

Mr. Sanborn noted other signification projects in the FY 2024-2028 Financial Plan are:

- Construct Pedestrian Facilities
- Stormwater improvements
- Purchase a Ladder truck.
- Develop West Pinehurst Park
- Village Place streetscape enhancements
- Replace Park lighting at Cannon Park Fields 1 & 2
- Public Safety Radio improvements
- Restore historical pathways within the Village.
- Resurface Village Green Parking Lot
- Comprehensive Conservation Plan for the ETJ

Mr. Sanborn stated that Council will have two budget work sessions scheduled to discuss the budget in more detail: Wednesday, May 17th at 9:00 a.m. and Thursday, May 18th at 3:00 p.m. He stated staff will also launch a topic on Engage Pinehurst on Wednesday, May 10th to allow the public ample opportunity to comment electronically on the Recommended Budget. He further noted a public hearing is scheduled for Tuesday, May 23rd at 4:30 p.m. for the Council to receive public comments on the budget.

12. **Discuss and Consider Resolution 23-15, supporting NCDOT's Plan to install stoplights at Hwy 15-501/Spring Lake Dr. and Hwy 15-501/Spring Lake Rd. (SR1845).**

Jeff Batton, Assistant Village Manager, reported the NC Dept. of Transportation is planning to install stoplights at two intersections on Hwy 15-501 within the Village limits. He stated one will be placed at Spring Lake Dr., which is the northernmost entrance to Village Acres, and the other at SR 1845 (Spring Lake Rd.), which leads to the northernmost entrance to Pinehurst #6 neighborhood. He noted this work would likely be done sometime in the fall of 2023.

Mr. Batton reported the stoplights are intended to be a relatively short-term arrangement until the widening of Hwy 15-501 slated to begin in 2029. He stated because these stoplights will be temporary in nature, they will use wood poles and cross wires. He noted if the design of Hwy 15-501 widening retains stoplights at one or both intersections, the Village will have the opportunity to upgrade the poles to metal posts with metal crossarms like we have at most other signalized intersections.

Mr. Batton stated that since these placements are within Village limits, the NCDOT has requested Council consider adoption of the attached resolution of support. He noted a motion to adopt is necessary should the Council agree to support this safety project.

Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution #23-15, supporting NCDOT's Plan to install stoplights at Hwy 15-501/Spring Lake Dr. and Hwy 15-501/Spring Lake Rd. (SR1845), by a vote of 5-0.

13. **Other Business**
No other business was discussed.

14. **Comments from Attendees**
Lynn Goldhammer addressed the Council about the new developments that is anticipated with the passing of the Small Area Plans and Form Based Guidance Plans. She asked if there would be duplexes around where the old post office is, to which the Council acknowledged there would be. She suggested if these duplexes are allowed, restrict them to having one owner to keep uniformity of the look.

15. **Motion to Adjourn.**
Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 8:16 p.m.

Respectfully Submitted,

Kelly Chance

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement